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October 4, 2004

The Honorable George N. Dorn, Jr.
Interim Executive Director
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29211



Re: Petition of CAROLINA WATER SERVICE, INC., requesting approval of an agreement with the BERKELEY-CHARLESTON-DORCHESTER COUNCIL OF GOVERNMENTS for bulk service collection from the King's Grant and the Teal on the Ashley sewage collection facilities or alternatively to upgrade the sewage collection facilities

Dear Mr. Dorn:

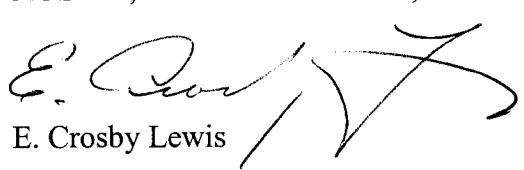
Enclosed for filing please find an original and 10 copies of CAROLINA WATER SERVICE, INC.'S Petition requesting approval of an agreement with the BERKELEY-CHARLESTON-DORCHESTER COUNCIL OF GOVERNMENTS for bulk service collection from the King's Grant and the Teal on the Ashley sewage collection facilities or alternatively to upgrade the sewage collection facilities.

Exhibit 1 of the Petition contains attachments which are oversized and difficult to reproduce. Therefore the attachments to Exhibit 1 are not included in the 10 copies and will be made available upon the Public Service Commission of South Carolina's request.

With kind regards, I am

Sincerely,

AUSTIN, LEWIS & ROGERS, P.A.


E. Crosby Lewis

SA5
POSTED
10/5/04

ACCEPTED
Legal 203 10-5-04

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2004-281-5

10/5/04
10/5/04
10/5/04

IN RE: Petition of CAROLINA WATER SERVICE)
INC., requesting approval of an agreement with)
the BERKELEY-CHARLESTON-DORCHESTER)
COUNCIL OF GOVERNMENTS for bulk service)
collection from the King's Grant and the Teal on)
the Ashley sewage collection facilities or)
alternatively to upgrade the sewage collection)
facilities)

PETITION

Pursuant to S.C. Code §58-5-210 (1976) and other applicable provisions of the S.C. Code; other applicable rules, regulations and Orders of the Public Service Commission of South Carolina ("PSC"), Petitioner, Carolina Water Service, Inc. ("CWS" or "Petitioner"), does hereby Petition the PSC (a) for a ruling regarding CWS's entering into the proposed sewer service agreement (Attached hereto as "Exhibit 1" and hereinafter referred to as "Contract" or "Agreement") to connect the Teal on the Ashley and King's Grant Wastewater Treatment Facilities to the Regional System which is operated by Dorchester County Public Works, the Designated Management agent under the Berkeley-Charleston-Dorchester Council of Government ("COG") 208 Plan, or in the alternative (b) to approve, under certain circumstances, the upgrade of the Teal on the Ashley and the King's Grant Wastewater Treatment Facilities, should the Commission find, after a public hearing, that the Agreement is not in the public interest. Petitioner would show as

follows:

1. CWS, is incorporated under the laws of the State of Delaware, and is a wholly owned subsidiary of Utilities, Inc., which is incorporated under the laws of the State of Illinois and is certified to conduct business in the State of South Carolina.
2. CWS owns and operates wastewater treatment facilities and sewer systems in the Teal on the Ashley Subdivision and the King's Grant Subdivision ("Utility Systems"), and is a public utility as defined by S.C. Code §58-5-10(3) and as such is under the jurisdiction of the PSC pursuant to S.C. Code §58-5-210 and other relevant statutory provisions and other applicable rules and regulations of the PSC.
3. The COG is authorized pursuant to § 1288 of the Federal Water Pollution Control Act (i.e., 33 U.S.C.A. §1251 et seq., also known as the "Clean Water Act") to prepare an area wide waste management plan, also known as a 208 Plan, for the areas served by the Teal on the Ashley and King's Grant sewer systems in Dorchester County.
4. Pursuant to the COG's Area wide 208 Water Quality Management Plan, the Teal and King's Grant WWTF are scheduled to be eliminated via connection to the regional Dorchester County Sewer System, ("Dorchester County WWTF") which is operated by Dorchester County, Public Works, when it becomes available.
5. TEAL ON THE ASHLEY:
 - (a) CWS conducted extended negotiations with Dorchester County in an effort to comply with the March 26, 2004, 208 Plan, including on March 26, 2001, executing a proposed Agreement with Dorchester County for the

treatment of the wastewater from the Teal on the Ashley Subdivision.

(b) On April 9, 2001, the Department of Health and Environmental Control (“DHEC”) issued Administrative Order No. 01-100-W finding that CWS failed to comply with permitted discharge limits requiring CWS to pay a \$40,000.00 civil penalty.

(c) CWS filed a Petition for Administrative Review and the case was assigned as 01-ALJ-07-0209-CC to Administrative Law Judge, C. Dukes Scott.

(d) On July 19, 2001, CWS received notice that the County would not enter into the Connection Agreement.

(e) In August 2001, CWS submitted a Preliminary Engineering Report to DHEC to upgrade the Teal WWTF which was revised at DHEC’s request on November 11, 2001.

(f) On November 29, 2001, Judge Scott issued his Order reversing the civil penalty based on CWS’s good faith efforts to obtain a Permit to upgrade the Teal WWTF.

(g) On October 23rd CWS submitted plans and specifications to DHEC and requested a Permit to construct the upgrade of the Teal WWTF.

(h) On April 2, 2003, the COG wrote DHEC approving re-issuance of the Teal National Pollutant Discharge Elimination System (“NPDES”) Permit and designated the Teal WWTF as a temporary facility.

(i) On May 21, 2003, CWS filed a request to amend the COG 208 Plan

to designate Teal as a permanent facility.

(j) Although requested by CWS, DHEC refused to conduct a public hearing on the issuance of the NPDES Permit.

(k) On September 19, 2003, CWS filed a request for a contested case relating to the Schedule of Conformance in the NPDES Permit; DHEC's refusal to grant a public hearing on the issuance of the Permit and that the Teal WWTF should not be a "temporary" facility after it has been upgraded.

(l) NPDES Permit No. SC0030350 for the Teal WWTF was issued effective October 1, 2003, to expire on September 30, 2005.

(m) On May 28, 2004, the Parties entered into a Consent Order, ALJ No. 03-ALJ-07-0398-CC resolving the contested case. The Consent Order amended the Schedule of Compliance in the NPDES Permit to provide for the submission of an Agreement for service (by the regional provider Dorchester) to be submitted to the PSC for its approval. And, if the PSC did not approve the Agreement for service, that CWS would begin construction of the upgrade of the Teal WWTF to meet final limits.

(n) On August 30, 2004, Dorchester County submitted a draft Connection Agreement to CWS and CWS proposed certain modifications to the Dorchester County Agreement. CWS has received no further response to its modifications and pursuant to an agreement with Dhec is submitting the Dorchester County proposed Agreement unsigned by the Petitioner.

6. CWS has been operating its Teal WWTF under Permit #SC0030350, which was

issued on August 17, 1995, became effective on October 1, 1995, and expired on September 30, 2000. Because CWS timely filed a request for re-issuance of its permit, CWS has continued to operate its Teal WWTF under the expired permit.

7. KING'S GRANT:

(a) DHEC issued NPDES Permit No. SC0021911 for the King's Grant WWTF. This Permit, dated February 27, 2004, provides for CWS to submit a Connection Agreement offered by Dorchester that would allow the inter-connection of the collection systems to the Dorchester County Collection System.

(b) The Permit provides for the submittal of the Permit to the PSC for its approval. It also provides that if the PSC disapproves the Agreement with Dorchester County, that CWS will upgrade the King's Grant WWTF to meet the final limits in accordance with the Permit Schedule of Compliance.

8. All of the Orders of DHEC require CWS to act within specific times and to perform specific acts based on the decision of the South Carolina Public Service Commission (PSC). Due to deadlines for filing this Petition, imposed by SC DHEC, Petitioner has been unable to obtain a final agreement signed by Dorchester County. Petitioner is unable to sign the draft agreement submitted to it by Dorchester County as it fails to provide in the document that it is signed subject to PSC approval.

Based on the foregoing, CWS proposes the following alternative solutions for a determination by the PSC as to which of the two alternatives are in the best interests of the public.

Alternate 1

Interconnection with Dorchester WWTF

9. If the PSC finds that it is in the public interest to approve the Contract (Exhibit 1) and its proposed interconnection with the Dorchester County WWTF, the costs to CWS and its customers would be substantial. It will cost CWS approximately five hundred eighteen thousand eighty six (\$518,086.00) dollars for the King's Grant subdivision to prepare its system to interconnect as more fully set forth in "Option #1 – Interconnection to Dorchester County for King's Grant" (Attached hereto as "Exhibit 2"). It will cost CWS approximately one hundred seventy thousand two hundred fifty five and 56/100 (\$170,255.56) dollars for the Teal on the Ashley subdivision to prepare its system to interconnect as more fully set forth in "Option #1 Cost Estimate Work Sheet Teal on the Ashley WWTP Interconnection to Dorchester County" (Attached hereto as "Exhibit 3")
10. After interconnection, the Dorchester County WWTF will, pursuant to the Contract, charge a fee to the Petitioner in each sewer system, Teal on the Ashley and Kings Grant, of twenty-eight and 42/100 (\$28.42) dollars for transportation, treatment and disposal of up to seven thousand (7,000) gallons of sewage per month. [Contract Page 6, Paragraph 5.2, Exhibit 1]
11. Any additional usage over seven thousand (7,000) gallons will be billed at a

monthly rate of two and 75/100 (\$2.75) dollars per one thousand (1,000) gallons.

[Contract Page 6, Paragraph 5.2, Exhibit 1]

12. The impact of the Contract rates will create rate shock to CWS's customers. CWS has sought to protect its customers for years and based on the current rate combined with CWS's approved system collection charges, CWS has estimated the following rate changes:

- A. At the costs set forth in the Paragraphs 9, 10 and 11 of this Petition and predicated on specific figures set forth in Exhibit 2, the bill for the average customer in the King's Grant subdivision is estimated to increase by approximately fifty-one and 07/100 (51.07%) per cent or fourteen and 74/100 (\$14.74) dollars per month if King's Grant subdivision is interconnected to the Dorchester County WWTF.¹

- B. At the costs set forth in the Paragraphs 9,10 and 11 of this Petition and predicated on specific figures set forth in Exhibit 3, the bill for the average customer in the Teal on the Ashley subdivision is estimated to increase by approximately three hundred seventy two and 97/100 (372.97%) per cent or seventy eight and 78/100 (\$78.78) dollars per month if the Teal on the Ashley subdivision is interconnected to the Dorchester County WWTF.

13. Petitioner requests that if the Contract is approved that CWS be allowed to pass through and recover the costs stated in it to provide the first seven thousand (7,000) gallons of sewage treatment to all of the present and future customers of the King's

¹ Estimated monthly bill after interconnect costs are added of \$43.60 - \$28.86 current bill = \$14.74 or increase of 51.47%

Grant and the Teal on the Ashley subdivisions as set forth in Exhibit 1.

14. In addition thereto, Petitioner requests that it be allowed to recover the amortized construction costs of interconnecting to the Dorchester County WWTF for the King's Grant and the Teal on the Ashley subdivisions on a monthly basis as more fully set forth in Exhibits 2 and 3.
15. Finally, as set forth in Paragraph 11 hereinabove, the Contract provides that Petitioner will be charged two and 75/100 (\$2.75) dollars per thousand gallons for the transportation, treatment and disposal of the sewage in excess of the costs imposed for treating the first seven thousand (7,000) gallons of sewage as measured through a master flow meter. CWS proposes that it be allowed to pass through and recover the costs stated hereinabove to provide the excess charge for sewage treatment to all of the present and future customers of the King's Grant and the Teal on the Ashley subdivisions.

Alternate 2

Upgrade of the respective Carolina Water Service, Inc. systems

16. If the PSC determines that the public interest is best served by upgrading the existing systems of CWS, the total construction cost to CWS to upgrade the King's Grant subdivision treatment facility will be six hundred sixty thousand four hundred twenty (\$660,420.00) dollars as more fully set forth in "Option #2 – Upgrade of Existing WWTP at King's Grant" (Attached hereto as "Exhibit 4").
17. At the above stated costs, [amortized over the CWS rate base at eight (8%) per cent for ten (10) years] the average customer in the King's Grant subdivision will

experience an increase of approximately two (2%) percent or fifty-seven (\$.57) cents per month. (Exhibit 4)

18. If the PSC determines that the public interest is best served by upgrading the existing systems of CWS instead of interconnecting with the Dorchester County WWTF the total construction cost to CWS to upgrade the Teal on the Ashley subdivision treatment facility will be three hundred forty eight thousand three hundred seventy-six and 41/100 (\$348,376.41) dollars as more fully set forth in “Option #2 Cost Estimate Work Sheet Teal on Ashley WWTP Upgrade” (Attached hereto as “Exhibit 5”).
19. At the above stated costs, [amortized over the CWS rate base at eight (8%) per cent for ten (10) years] the average customer in the Teal on the Ashley subdivision will experience an increase of approximately one (1%) percent or thirty (\$.30) cents per month. (Exhibit 5)
20. If both upgrades are approved, CWS requests that the total increase of eighty-seven (\$0.87) cents be made a part of its base rates and borne by all of the CWS customers, including those in the King’s Grant and Teal on the Ashley subdivisions

WHEREFORE, having fully set forth the reasons in its Petition, Petitioner respectfully requests that this Commission:

- A. Accept this Petition, inquire into this matter and, after public notice, if no substantial opposition arises, hear and decide this matter at an appropriate weekly agenda session;
- B. Inquire into this matter and choose between the alternatives set forth in the

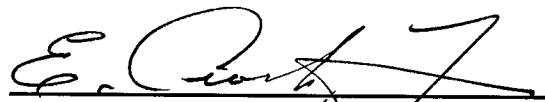
Petition, grant the Petitioner relief and to find which alternative is in the public interest;

C. Approve the rate relief and/or recovery and pass-through appropriate to that alternative approved by this Commission;

D. To grant such further and other relief as this Commission deems fit and proper.

Respectfully submitted,

AUSTIN, LEWIS & ROGERS, P.A.


E. Crosby Lewis
Post Office Box 11716
Columbia, South Carolina 29211
(803) 256-4000
Attorney of record for the Petitioner

Columbia, South Carolina

Dated: October 4, 2004

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STATE OF SOUTH CAROLINA)
COUNTY OF DORCHESTER)

SEWER SERVICE AGREEMENT

THIS AGREEMENT made and entered into this ____ day of _____, 2004 by
and between CAROLINA WATER SERVICE, INC. (hereinafter referred to as
"Carolina") and the COUNTY OF DORCHESTER (hereinafter referred to as the
"County").

SECTION ONE

RECITALS

WHEREAS the County owns and operates a wastewater system that is capable of receiving, transporting, and treating wastewater generated in the Lower Dorchester County area; and

WHEREAS Carolina and the County have agreed to terms and conditions by which the County will receive, transport, and treat wastewater generated by the collection and transport system of Carolina.

NOW, THEREFORE, in consideration of the mutual covenants of the parties herein contained, and other good and valuable consideration passing between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION TWO

DEFINITIONS

Unless the context clearly indicates otherwise, each of the following terms as used in this Agreement shall mean as follows:

2.1 CONTRACTUAL CAPITAL IMPROVEMENTS – Any construction, improvement, addition or modification including, without limitation, construction, improvements, additions or modifications to provide or increase capacity, maintain operational capability or comply with regulatory requirements, heretofore and hereafter

made to the County's Wastewater System and which, at any given time, is part of the Contractual Services System.

2.2. CONTRACTUAL DEBT SERVICE – Principal, interest and premium, if any, required to be paid, any reserve required to be provided for, and any additional coverage which the County is required to charge and collect, in connection with any debt heretofore or hereafter incurred by the County to provide Contractual Capital Improvements or to refund Contractual Debt Service.

2.3 CONTRACTUAL SERVICES SYSTEM – Facilities, structures, improvements, or property, real, personal and mixed, of any kind owned or operated by the County and, at any given time, set aside or used, to any extent, to receive, transport, hold, treat, or dispose of wastewater received hereunder from Carolina Water Service, Inc., and facilities to support any of the foregoing.

2.4 COST OF CONTRACTUAL CAPITAL IMPROVEMENTS – Contractual Debt Service and any cost paid or incurred by the County to provide Contractual Capital Improvements not funded by Contractual Debt Service.

2.5 COUNTY – Dorchester County, a body politic and corporate and a political subdivision of the State of South Carolina.

2.6 COUNTY COUNCIL – Dorchester County Council, the governing body of Dorchester County.

2.7 DHEC – South Carolina Department of Health and Environmental Control

2.8 CAROLINA – Carolina Water Service, Inc.

2.9 COUNTY'S WASTEWATER SYSTEM – The wastewater collection, transportation, and treatment system owned and operated by the County.

- 2.10 DORCHESTER COUNTY WASTEWATER SYSTEM – The wastewater collection and transportation system owned and operated by the County, exclusive of any treatment facilities.
- 2.11 FISCAL YEAR – The 12-month period ending June 30 each year.
- 2.12 FLOW METERING EQUIPMENT – Isco Unimag Electromagnetic flow meter, or equivalent, suitable for fixed-site measurement of bidirectional flow in a full pipe. The flow meter shall consist of a flow tube and a flow transmitter, which shall indicate, totalize, and transmit flow. The flow tube shall use a spool piece configuration with field-interchangeable sensors containing coils and electrodes.
- 2.13 FORCE MAIN – A pressure line which transports wastewater from a pumping station to a receiving location.
- 2.14 OPERATION AND MAINTENANCE COST – The cost required annually to transport and treat wastewater.
- 2.15 PRETREATMENT PROGRAM – A program to regulate the quantity and concentration of pollutants discharged into the Wastewater System.
- 2.16 PUMPING STATION – A facility where wastewater is pumped under pressure from one location to a receiving location.
- 2.17 201 FACILITIES PLAN – The twenty (20) year plan approved by the Berkeley-Charleston-Dorchester Council of Governments setting forth wastewater needs of the designated areas of various utilities and the methods by which each utility will meet its needs.
- 2.18 208 PLAN – the management plan for Water Quality administered by the Berkeley-Charleston-Dorchester Council of Governments.

2.19 WASTEWATER COLLECTION SYSTEM – The component of the County's Wastewater System which collects and transports wastewater.

2.20 WASTEWATER SYSTEM – A system capable of the collection, transportation, and treatment of wastewater.

SECTION THREE

SERVICES TO BE RENDERED

3.1 The County shall, in accordance with and subject to the terms and conditions of this Agreement, including the volume limitation set forth in Section Four hereof, receive, carry, treat, and dispose of all wastewater delivered to the County's Wastewater System by, and at the expense of, Carolina.

3.2 Carolina shall deliver the wastewater from Teal on the Ashley to the County at the proposed manhole location of the adjacent subdivision as shown on Attachment A, and at other mutually agreed upon connection points within the service area of the County.

Carolina Water Service shall deliver wastewater to the County by manifold into the new force main in the power line easement at the southeast boundary of Kings Grant as shown on Attachment B.

3.3 The County will be responsible for the construction of any pump station(s) and force main(s) required to deliver the wastewater to the County's Wastewater System with agreed financial contribution by Carolina of Forty-five thousand dollars (\$45,000) for the Teal on the Ashley System.

3.4 The monthly volume of wastewater delivered by Carolina to the County will be determined by Flow Metering Equipment which will be installed and maintained by the County.

3.5 The County shall calibrate said Flow Metering Equipment annually and certify the accuracy of the same to Carolina. The County shall notify Carolina at least three (3) days in advance of the time of the calibration. Any deviation in the Flow Metering Equipment will be corrected at once. If the calibration or any periodic check of the equipment discloses no deviation in excess of the approved equipment tolerance, no adjustment of any previous billing will be required. If the calibration or any periodic check of the equipment discloses a deviation in excess of the approved equipment tolerance, the meter readings will be adjusted to correct the deviation in excess of the approved equipment tolerance, and billings will be adjusted to the meter readings so corrected, and, if necessary, payments shall forthwith be made by Carolina of any balance due the County or credit shall forthwith be given by the County to Carolina for any balance due to Carolina, as the case may be not to exceed six months.

3.6 Carolina shall be responsible for the installation and maintenance of the Barscreen Assembly.

3.7 Carolina will be responsible to pay one tap fee of Five hundred and fifty dollars (\$550) for each of the two connections to the Dorchester County Wastewater System.

SECTION FOUR

VOLUME LIMITATION, STANDARD OF CONTENT

4.1 The volume of wastewater delivered by Carolina to the County at all points of delivery shall not exceed an average daily flow of three hundred and thirty thousand gallons per day (330,000 GPD) unless previously agreed to.

4.2 Before the connection of an industrial customer, Carolina shall implement and administer a Pretreatment Program no less stringent than the Pretreatment Program of the

County, as may be amended from time to time, to ensure that pollutant parameters in Carolina Water Service's system are subject to local limits as restrictive as those enacted by the County.

SECTION FIVE

SERVICE CHARGES

5.1 Carolina agrees that it will pay to the County a monthly service charge for the transportation and treatment of wastewater received from Carolina. The service charge will be calculated by multiplying the monthly volume of wastewater received from the County by a charge per unit volume.

5.2 The charge per unit volume will be calculated annually, commencing as of _____, 2004.

(a) Every commercial and industrial user will be required to install and maintain, at their expense, a County approved sewage flow meter. If, for any reason, a sewer meter is not functioning, the user will be billed by averaging previous bills. A meter reading will be taken once a month to calculate the monthly billing. The user will be charged a flat rate of Twenty-eight dollars and forty-two cents (\$28.42) for use up to seven thousand (7,000) gallons. Any additional usage (7,001 + gallons) will be billed at Two dollars and seventy-five cents (\$2.75) per thousand gallons.

5.3 The charge per unit volume is assessed per one thousand (1,000) gallons of total Carolina wastewater flow during a billing period. The initial charge per unit volume is established in the Agreement and will remain in effect until _____. Thereafter the charge per unit volume will be calculated annually, the calculated rate being effective as of July 1, commencing on July 1 _____. For the year beginning July 1,

_____ and for each year thereafter, the volume charge will be based upon Carolina's actual flow during the preceding twelve months.

5.4 Cost not to be considered in determining the charge per unit volume to Carolina include, but are not limited to:

- (a) Capital cost or debt not directly related to the Contractual Service System.
- (b) Billing and collection charges not related to the Contractual Services System.
- (c) Planning, engineering, and study costs not related to the Contractual Services System.

5.5 Carolina and the County will, not later than May 31 of each year, meet and establish the sewer service rate for the fiscal year beginning July 1 of that same year. In the establishment of this rate, adjustments to compensate for differences between the projected cost used and the actual cost incurred will be made. If the parties are unable to agree upon a rate, such rate as may be implemented by the County will be paid under protest pending a negotiated resolution pursuant to an appropriate audit, if required, or pending resolution by a court of competent jurisdiction in Dorchester County.

SECTION SIX

CONTRACTUAL CAPITAL IMPROVEMENTS

6.1 It is the intent and agreement of the parties that Carolina Water Service shall be reimbursed for any Cost of Contractual Capital Improvements. In this connection, the parties agree that Carolina's determination shall be conclusive and binding for the purposes of this Agreement with respect to the construction of Contractual Capital Improvements and financing any Cost of Contractual Capital Improvements, including the incurring of debt and the terms and conditions thereof. Any expenditures by Carolina

out of renewal and replacement funds will not be considered a Cost of Capital Improvements.

6.2 The County will have the option to pay Carolina the Cost of Contractual Capital Improvements, or any portion thereof, in advance, and any such prepaid Cost of Contractual Capital Improvements will not be included in the volume charge described in Section Five hereof to the extent of any such prepayment.

SECTION SEVEN

EFFECTIVE DATE AND TERM OF AGREEMENT **OPTIONS AND DOCUMENTATION**

7.1 This agreement shall become effective upon execution by the parties hereto, and shall extend for a period of twenty (20) years from the date of execution and for any additional period of time during which any Contractual Debt Service is outstanding and unpaid; and/or a lesser or greater period if mutually agreed, in writing, by the County and Carolina.

7.2 At the execution of this Agreement, each party will provide a legal opinion that this Agreement has been authorized, executed and delivered by, and is a valid and binding obligation in accordance with its terms of, such party; and at or prior to the execution of the Agreement, each party will provide the other with such further opinions, certificates, closing documents, and information as the other party, or its counsel, may reasonably request.

7.3 The Agreement is subject to approval by DHEC and certification by the Berkeley-Charleston-Dorchester Council of Governments that is in accordance with the 208 Regional Plan.

SECTION EIGHT

ASSIGNMENT

8.1 Neither this Agreement nor any right hereunder may be assigned without the prior written consent of the other party, which shall not be unreasonably withheld. Subject to this condition, this Agreement and all provisions thereof shall inure to the benefit of and be binding upon the parties and their respective successors and assigns.

SECTION NINE

MISCELLANEOUS PROVISIONS

9.1 As between the County and Carolina, Carolina shall be deemed to be in control and possession of the wastewater deliverable under this Agreement until it has been delivered to the County at the point of delivery as provided in Section Three hereof, after which the County shall be deemed to be in control and possession thereof.

9.2 The County shall have no responsibility with respect to any wastewater deliverable hereunder until it is delivered to the County, or on account of anything which may be done, happen, or arise with respect to said wastewater before such delivery, and Carolina shall have no responsibility with respect to such wastewater after its delivery to the County on account of anything which may be done, happen, or arise with respect to said wastewater after such delivery unless due to a cause which occurred prior to delivery.

9.3 To the extent permitted by law, the County shall indemnify and hold Carolina harmless from any and all loss or damage sustained by Carolina, and from any and all liability to any persons, or for any property damage, incurred by reason of any act of the County, its agents or employees, in the receiving, transportation, and treatment of said

wastewater on the County's side of the point of delivery unless the same shall be due to the negligence of Carolina, its agents or employees or unless due to a cause which occurred prior to delivery; and Carolina shall identify and hold the County harmless from any and all loss or damage sustained by the County, and from any and all liability to any persons, or for any property damage, incurred by reason of any act or part of Carolina, its agents or employees, in the collection, transmission, or delivery of said wastewater on Carolina's side of the point of delivery, unless the same shall be due to the negligence of the County, its agents or employees. Neither party by the operation of this paragraph waives any rights that it may have to assert a statutory limitation of liability against any third party.

9.4 The parties hereto agree that the sections, paragraphs, sentences, clauses, and phrases of this Agreement are severable; and if any section, paragraph, sentence, clause, and phrase of the Agreement shall be declared unconstitutional or invalid by the judgment or decree of any court of competent jurisdiction, such unconstitutionally or invalidity shall not affect any of the remaining sections, paragraphs, sentences, clauses, and phrases of this Agreement.

9.5 It is understood and agreed that the County is providing services to Carolina and not to the individual customers of Carolina's Wastewater System. It shall be the responsibility of Carolina to service customers of the Carolina Wastewater System.

9.6 Nothing contained in this Agreement is intended to limit, or limits, the liability of Carolina for the payment of all amounts due hereunder to the revenues derived from the Carolina Wastewater System; and Carolina's obligation to pay the amounts due the

County under this Agreement is a general contractual obligation of Carolina payable from all funds which can legally be made available therefore.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by their duly authorized officers, all on the day and year hereinabove first written:

WITNESSES;

DORCHESTER COUNTY (SEAL)

As to Dorchester County

Chairman, Dorchester County Council

DATE: _____

ATTEST: _____
Clerk to Council

WITNESS:

CAROLINA WATER SERVICE, INC
(SEAL)

Chairman

DATE: _____

As to Carolina Water Service, Inc

ATTEST: _____



KINGS GRANT SUBDIVISION
LOCATED NEAR NORTH CHARLESTON
DORCHESTER COUNTY, SOUTH CAROLINA

SCALE: 1" = 200'
0' 100' 200'
DATED: JULY 2, 2004

ATTACHMENT B

Option #1

Option #1 - Interconnection to Dorchester County for King's Grant	
Last revised 9 /14/04	
	Construction Cost
Abandonment of existing wastewater plant	\$76,000.00
Pump Station	\$90,000.00
Forcemain 6,955 LF of 6-inch pvc forcemain	\$278,200.00
Barscreen	\$35,000.00
Tap Fee to Dorchester County	\$550.00
Engineering (8% of construction cost)	\$38,336.00
Subtotal	\$518,086.00
Option #1 Estimated Monthly Bill per King's Grant Customer @ 709 Customers	
Average flow per year at Kings Grant WWTP years 2002 and 2003 in gallons	47,440,875.00
Dorcheater County charge for processing Kings Grant wastewater per year	\$130,572.45
Dorcheater County charge for processing Kings Grant wastewater per customer per month	\$15.35
Amortization cost of interconnection to Dorchester County per customer per month @ 8% interest@10 years	\$8.87
Carolina Water Service Pass Through Rate	\$19.38
Estimated Monthly Sewer Bill for Kings Grant per customer	\$43.60
Current Monthly Bill Per Customer	\$28.86
Increase	\$14.74
Percentage Increase	51.07%

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[illegible]

Option #2

Option #2 - Upgrade of Existing WWTP at Kings Grant	
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	Construction Cost
Aeration plant modification	\$65,000.00
Clarifier Pumps	\$35,000.00
Clarifiers	\$180,000.00
Filter addition	\$175,000.00
Sludge Digester Addition	\$55,000.00
Electrical	\$25,000.00
Fence	\$5,000.00
Miscellaneous Piping	\$25,000.00
Ultraviolet Disinfection	\$46,500.00
Engineering (8% of construction cost)	\$48,920.00
Subtotal	\$660,420.00
Option #2 Estimated Monthly Bill per Carolina Water Service Customer	
Carolina Water Service, Inc current monthly bill per customer	\$28.86
Amortization cost of WWTP upgrade per customer per month @ 8% interest@10 years	\$0.57
Carolina Water Service, Inc monthly bill per customer after upgrade	\$29.43

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